



DUNCAN VALLEY ELECTRIC COOPERATIVE, INC.

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Owned By Those We Serve - Incorporated - June 1947

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July 11, 2012

ORIGINAL

Arizona Corporation Commission
DOCKETED
AZ CORP COMMISSION
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Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

DOCKETED BY *JM*

Re: Duncan Valley Electric Cooperative, Inc. (DVEC) comments on Arizona Corporation

Commission Staff's Draft Proposed Rule Filed on June 25, 2012: ***Rate Case and Financing***

Rules for Nonprofit, Cooperatively-owned Gas, Electric or Water Utilities; Docket No.

RU-00000A-12-0270

Dear Sir/Madam:

The following comments on the Arizona Corporation Commission Staff's Proposed Rules ("Proposed Rules") filed in this docket on June 25, 2012 are being provided by DVEC.

DVEC expresses thanks to ACC Staff for all of their efforts on the Proposed Rule and the Commission's willingness to conduct a formal rulemaking process to consider and institute a rate case process rule for the Cooperatives.

DVEC supports this Proposed Rule with a few exceptions that are discussed in the Grand Canyon State Electric Cooperative, Inc. ("GCSECA") letter filed on June 28, 2012. As a member of GCSECA, DVEC has developed and supports the positions taken by GCSECA in this matter.

DVEC believes that a 15 year time period should be included in the Proposed Rules in R14-2-107(B)(2) and the associated issue of being able to file five rate cases as opposed to the three rate cases stated in R14-2-107(B)(4) is reasonable and appropriate. The purpose of the Proposed Rules is to save time and money in processing a cooperative's rate cases so that those associated savings can be realized by a cooperative's members/customers. To the extent that a cooperative is able to file an additional rate case(s) within the 15 year time period versus the 10 year time period being recommended by Staff, its members/customers will benefit from the associated

savings. DVEC would utilize the Proposed Rules for both its electric and natural gas operating divisions. In its most recent rate cases, DVEC spent \$80,200 for its electric division and \$49,800 for its gas division in seeking rate relief before the commission. These costs represented, respectively, 25.5% and 29.7% of the total revenue increase for each division. DVEC estimates that for every rate case it can file under the Proposed Rules, it will save 50% to 80% of the rate case expense associated with filing a rate case under the existing rules depending on the amount of cooperative employees' versus outside consultants' time that will be involved.

In conclusion, the associated savings in time and rate case expense under the Proposed Rules will directly benefit the cooperative and its members. The associated savings to our members of being able to file an additional case(s) under a 15 year time frame are substantial and justify a 15 year time period. DVEC urges the Commission to adopt these revisions for the reasons stated above and the reasons stated in the letter filed by GCSECA.

Sincerely,

Duncan Valley Electric Cooperative
PO Box 440
Duncan AZ 85534
928-359-2503

By


Michael Pearce, CEO

Original and thirteen (13) copies
filed this 11th day of June, 2012,
with:

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Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
